Vasakronan

Vasakronan Green Finance Framework

Contents

Understanding sustainability risks

Today sustainability topics are important issues, if not the most important, for many companies, the majority of which understand that those who take the environment and climate into consideration will be winners in the long run.

There are few left today who doubt that we are facing a gigantic climate challenge. Politicians and companies are both serious in prioritising the issue, with major decisions under way in the EU as well as at national and local levels. Many companies have stated unequivocally that a well-conceived environmental agenda has become essential in their business models, and for those yet to start, the situation has become urgent. Demand is increasing for responsibly produced goods and services, and investors are increasingly choosing to allocate their capital to more sustainable investments. And the climate is hardly the only challenge. Loss of biodiversity, water shortages, resource efficiency and human rights are other issues that challenge current business models and put companies' future earnings capabilities to the test. For the property industry, this will manifest in how we plan and build our cities. It sets serious efficiency requirements for using resources like materials and energy as well as in waste management and transportation systems within cities. A changing climate also entails adaptations in society, for businesses as well as our shared physical environment. These could comprise protection against flooding, extreme heat waves or landslide risks. Expectations that companies will assume their social responsibility are also growing and we are serious about taking responsibility for the thousands of people who are affected by our operations. This includes everyone who works on our behalf, our own employees and our suppliers' employees. This Green Finance Framework provides an opportunity for investors to learn about our ambition to drive a positive transformation within Vasakronan and support us in this journey.

Stockholm, November 2023

Johanna Skogestig	Anna Denell	Thomas Nystedt
Chief Executive Officer	Chief Sustainability Officer	Group Treasurer

This Green Finance Framework provides an opportunity for investors to learn about our ambition to drive a positive transformation within Vasakronan and support us in this journey.

Sustainability in our operations

At Vasakronan we do not have a separate unit dedicated to sustainability. Instead, we have chosen to integrate sustainability in all of our operating activities by engaging each and every one of our employees, regardless of where they work in the organisation. The ambition is to run our operations sustainably – from economic, environmental as well as social perspectives.

As a basis for our ambition, we draw on the mission as stated from our owners – the First, Second, Third and Fourth Swedish national pension funds – to deliver a high and long-term risk-weighted return without harming the environment, people or the communities in which we operate. To achieve this, we need to do our utmost.

Species-rich living walls that contribute to biodiversity on the property Klara Zenit in central Stockholm.

Our vision of future-proof cities

Doing everything we can to become more sustainable is also a prerequisite for achieving our vision – to create future-proofed cities for everyone, where people and companies thrive.

Our efforts are based on an extensive analysis of our operations where we have identified the aspects in which we have the most impact, how large this impact is, and what we need to do to reduce it. The analysis is based on the ten principles of the UN Global Compact, the UN's Sustainable Development Goals as well as our stakeholders' expectations. Despite having worked systematically for over ten years to become thoroughly sustainable, and despite being ranked one of the most sustainable companies in the world by GRESB, the Global Real Estate Sustainability Benchmark, we are the first to admit that we are not yet fully sustainable. With that said, to reduce our negative impact and to increase our positive contributions, we set slightly more ambitious targets each year. In this way, we ensure that we are constantly progressing toward our long-term sustainability goals.

According to the National Board of Housing, Building and Planning in Sweden, the construction and property sector accounts for approximately 20% of all greenhouse gas emissions as well as a substantial proportion of society's total energy consumption and waste generation. The large portion of non-recycled or reused waste material also negatively impacts the environment.

Vasakronan has been environmentally certified according to ISO 14001 for over 15 years. In relation to these efforts, a fundamental analysis of our significant environmental aspects has been carried out. The analysis is regularly evaluated and consistently establishes that our primary impact on the environment is through our energy consumption, our use of materials, the waste generated by our tenants and ourselves, and the transportation related to our operations as well as those of our tenants and suppliers.

Energy

Properties account for approximately 35% of Sweden's total energy consumption. Therefore we are reducing our energy consumption through optimisations of our existing properties and setting very high requirements on energy intensity when developing new buildings or renovating our existing buildings. We also strive to reduce our power demand by, for example, being more flexible in when we use energy from the grid and through storage capacity at our properties. To further reduce our impact, we will phase out all fossil energy consumption connected to our properties and produce our own renewable energy on site as well as off site.

We work together with our tenants to help them reduce the energy consumption of their premises and, in 2010, we were the first in our sector to sign green leases where both parties commit to only using energy from renewable energy sources. Since 2017, all of Vasakronan's leases are green and promoting environmental measures is a natural consideration. Through investments in our properties and close collaboration with our tenants, we have successfully reduced our energy consumption by 65% since 2009.

The Fyrislund solar park in Uppsala generates approximately 4,6 GWh of electricity annually. In 2022 this represented 6% of Vasakronan´s base building electricity consumption.

Waste

Large amounts of waste are generated in new construction and redevelopment projects, and a large portion of that waste currently goes to incineration or landfill. Large amounts of waste are also created by our tenants' operations. Although influencing the type and nature of waste created by our tenants can be challenging, the provision of waste recycling systems in our properties means we can still ensure that tenant waste is sorted well. Regardless of whether the waste is generated by our own or our tenants' operations, the overall goal is the same – to reduce the amount of waste and to ensure that as much as possible is recycled. Our waste strategy is based on the EU's waste hierarchy:

Prevention – wherever possible, we aim to prevent any waste by, for example, limiting unnecessary renovations.

Preparing for re-use – we try to reuse any waste by for example re-using construction materials.

Recycling – metals, corrugated board, glass and plastic packaging are examples of materials that can be recycled and transformed into new products.

Recovery – combustible waste can be converted into electricity and heat in combined heat and power plants, and organic waste into biogas through anaerobic digestion.

Disposal – waste that cannot be reused, recycled or used for energy recovery is taken care of, disposed of, in an environmentally correct manner.

Transportation

Transportation contributes to climate change, local emissions, noise and congestion. We can make the biggest impact in relation to our construction projects. As a consequence, we require our suppliers to reduce their transportation through smarter logistics and by requiring the use of renewable fuels.

Another significant impact comes from our tenants' commuting and transportation habits to and from our properties. As such, we promote sustainable transportation measures such as improved public transport, installing electrical vehicle charging stations, improving bicycle infrastructure inside and around our buildings, and by offering car pools.

We want to set an example and therefore we are also systematically reducing our own transportation needs. One measure is by selecting smart office locations with the goal of making it easy to commute by public transport. We are also replacing business trips with video meetings and air travel with train travel for shorter distances, and by phasing out fossil fuelled vehicles.

Electrical vehicle charging stations inside and around our buildings are one example of sustainable transportation measures that we promote.

Materials

The use of materials in our construction projects has a considerable impact on the environment. It causes climate impact and might also contribute to loss of biodiversity when the material is extracted.

Large quantities of material are required to develop new buildings and to renovate and maintain existing buildings. In our Hubben project, in Uppsala Science Park, we charted how much material is actually required to construct a building. The project demonstrated that it took 1,018 kilos of material for every square metre constructed. A large proportion of these materials came from non-renewable natural resources, such as concrete, steel, aluminium and plastics.

Accordingly, our goal is to reduce the amount of materials used and to primarily opt for reused materials or materials produced from renewable or recycled raw material.

The building material that we use must also be free from hazardous substances that risk the health of people in the buildings or that endanger outside ecosystems. To select the right products, we use Byggvarubedömningen.

Redevelopment project Lumi in Uppsala. The project has a focus on large-scale reuse and circularity.

We want to set an example and therefore we are also systematically reducing our own transportation needs.

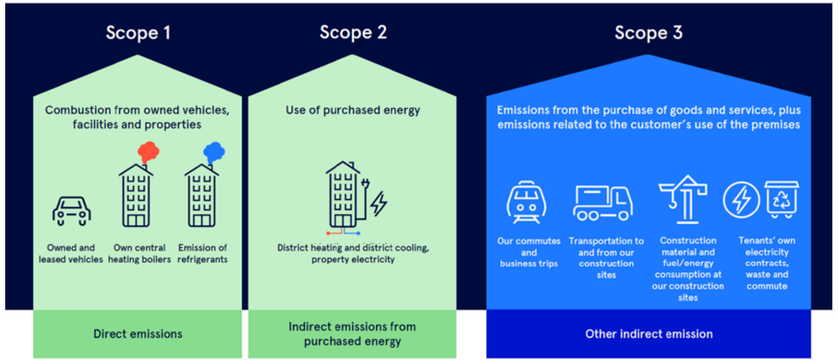
Carbon neutrality 2030

For Vasakronan, the commercial benefits of reducing our climate impact are clear, and we do not see any conflict between profitability and sustainability. We conducted our first annual greenhouse gas report, according to the greenhouse gas protocol, in 2006, and since then we have reduced our scope 1 and 2 GHG emissions by approximately 90%. Vasakronan no longer has significant scope 1 emissions as a result of fossil fuel no longer being combusted at Vasakronan's facilities or in its vehicles. Among other initiatives, all fossil-dependent oil burners were phased out more than ten years ago and all service vehicles have been electric for several years now. However, there are occasionally leaks of cooling media from cooling equipment, which comprises a direct emission related to our own operations. Scope 2 emissions pertain to all of the energy purchased in buildings in the form of district heating, district cooling and electricity. Scope 3 emissions encompass all other indirect emissions in our operations that occur along the value chain. Upstream emissions arise primarily in the supplier chain from material use, waste and transportation in construction projects. Downstream emissions arise from customers when tenants use and commute to our premises. One source of indirect emissions outside the organisation are different kinds of business trips by car, train or air, and employees' commutes.

We act under the assumption that climate change will continue to have a physical impact on our buildings and neighbourhoods as well as on market demand. We believe that this impact is likely to increase. It is also likely that both the regulations and the legislation connected to our business will become more stringent, which could significantly affect our financials and business models.

Vasakronan therefore resolved in 2019, that the company should be carbon neutral throughout the entire value chain by 2030. The target was evaluated and approved by the Science Based Targets initiative in 2022.

Furthermore, Vasakronan has described its climate efforts based on the TCFD's recommendations since 2017, with the aim of following them as stringently as possible. The description helps our stakeholders understand how our business will be affected by climate changes. The TCFD's recommendations are categorised into four pillars: governance, strategy, risk management, and metrics and targets. Given Vasakronan's strong commitment to sustainability, Green financing becomes a natural means of financing those directed efforts.



For Vasakronan, the commercial benefits of reducing our climate impact are clear, and we do not see any conflict between profitability and sustainability.

Our social responsibility

Our operations affect thousands of people: our employees, our supplier's employees, tenants and the communities around our properties. Our operations are only sustainable if we ensure safe, secure and healthy work environments with good working conditions where everybody receives equal treatment.

As the name gives away, our Green Finance instruments only finance green assets, as described below. However, as we also have a significant social impact on people we have also chosen to commit to the inclusion of a number of relevant social responsibility KPIs in the annual Green Finance Impact Report to inform our investors about our progress in the social field. We have seen that green financing has a track record of catalysing our sustainability efforts, and by including credible social KPIs we hope to see the same shift in relation to our social responsibility. Vasakronan mainly has office and retail tenants and hence our main social aspects are:

Health and well-being: Buildings have a major impact on people's health and well-being. Our goal is for our areas and buildings to be aesthetically pleasing, with good light, acoustics and air quality, and for them to promote movement and an active life. Another important health factor is ensuring that the construction materials used do not contain hazardous substances that can harm people's health.

Safety and security: Our goal is for people to feel safe and secure in our properties and neighbourhoods. To achieve this we work with different safety measures, such as better physical design and more public operations at street level that are ideally active not only during the work-weeks but also during evenings and weekends. We also collaborate with municipalities and other property owners, such as City i Samverkan and Centrum för AMP in central Uppsala.

Occupational health and safety, and working conditions: Everyone has the right to a safe and sound work environment in order to avoid unnecessary sick leave, accidents and illness. Vasakronan's goal is that everyone who works on our behalf has a good work environment – physically, organisationally and socially – and to avoid workplace accidents. To achieve this, we need to focus on our construction sites in particular. We also need to ensure that everyone who works on our behalf has acceptable working conditions according to fundamental human rights.

Diversity and equal treatment: Our goal is an organisation characterised by diversity and inclusion, and that is free from discrimination. To achieve this, diversity and inclusion is a focal point in recruitments. The same criteria is set for the suppliers that we choose to work with. We also address antidiscrimination requirements in our supplier code of conduct and require that our buildings and areas are designed to ensure accessibility and inclusion for everyone.

Our goal is for people to feel safe and secure in our properties and neighbourhoods.

Our long-term sustainability goals

Environment	Social
· Our entire value chain will be carbon neutral by 2030 · Our properties are self-sufficient and do not require any energy to be purchased · We only use renewable, recycled or reused materials in our construction projects · Our business and those of our customers generate no waste that is not possible to recycle or reuse · Transportation for ourselves and our customers is independent of fossil fuel	· Everyone who works for Vasakronan has a good working environment free from workplace accidents · Our company and our suppliers are diverse and have an inclusive corporate culture · Our areas and properties are aesthetically pleasing and are designed to support: - Occupational health and safety - Health and well-being - Inclusivity for everyone

To achieve our goals, we collaborate with our stakeholders as we are convinced that collaboration leads to greater results than driving each issue unilaterally. In light of this, Vasakronan has taken initiatives to establish several industry collaborations including Sweden Green Building Council, Byggvarubedömningen and Håll Nollan.

Alignment with the UN Sustainable Development Goals

The business world plays a key role in meeting the UN Sustainable Development Goals. Vasakronan's operations contribute to several of the Sustainable Development Goals. We have also analysed whether there is any risk that our operations interfere with achieving the goals. Our operations have the largest positive impact on Goal 7 Affordable and clean energy, Goal 9 Industry, innovation and infrastructure, Goal 11 Sustainable cities and communities and Goal 12 Responsible consumption and production. Through our positive impact on these goals, our operations also contribute to Goal 13 Climate Action.

By reducing the risk of construction material containing substances that are hazardous to people's health or to the ecosystem and through occupational health and safety efforts, we contribute to Goal 3 and its targets

3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and contamination.

3.4 Reduce by one third premature mortality from non-communicable diseases and promote mental health and well-being.

By engaging with diversity and equal treatment, we contribute to Goal 5 and target.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

By reducing energy consumption and transitioning to renewable energy sources we are contributing to Goal 7 and its target.

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

7.3 By 2030, double the global rate of improvement in energy efficiency.

Measures taken to contribute to Goal 8 and its targets include reducing the amount of material, increased use of renewable, recycled or reused material, occupational health and safety efforts, and engaging with diversity and equal treatment

8.4 Improve global resource efficiency in consumption and production.

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8 Protect labour rights and promote safe and secure working environments for all workers.

By reducing waste, we are contributing to Goal 11 and its target.

11.6 Reduce the adverse per capita environmental impact of cities.

To reach Goal 12, we contribute specifically to targets.

12.1 Implement the 10-year framework of programmes on sustainable consumption and production.

12.2 Sustainable management and efficient use of natural resources.

12.4 Environmentally sound The share of renewable and recycled material management of chemicals and all wastes.

12.5 Substantially reduce waste generation.

By reducing the negative impact climate change has on our operations, we contribute to achieving Goal 13 and its targets.

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

The EU Taxonomy

The Taxonomy Regulation is part of the EU Action Plan: Financing Sustainable Growth and aims to define sustainable investments. For an activity to be considered sustainable according to the Taxonomy Regulation, it needs to contribute significantly to the technical screening criteria (TSC) for one of the six established environmental objectives and do no significant harm (DNSH) to the others. There are also requirements for societal aspects such as human rights and working environment formulated in the minimum social safeguards (MSS) criteria.

Vasakronan's assessment is that our operations are primarily exposed to both of the climate-related environmental objectives, namely climate change mitigation and climate change adaptation. In December 2021, the Swedish Property Federation, together with Vasakronan and a number of the other major Swedish property companies, agreed on and released shared thresholds for existing properties to determine the scope of properties that belong to the top 15% most energy efficient buildings in Sweden. In December 2022, updated thresholds were published. This has formed the basis for determining whether an existing building in Sweden can be considered to meet the technical and substantial contribution criteria of the first environmental objective in the EU Taxonomy, Climate Change Mitigation. For an office building to be considered in the top 15% of buildings, the threshold is a primary energy demand of less than 80 kilowatt hours per square metre per year[1]. At the end of December 2022, Vasakronan's property portfolio's average primary energy demand was approximately 82 kWh/sq. m.

Vasakronan's economic activities are all fully Taxonomy eligible. Vasakronan is currently not subject to the reporting requirement under the Taxonomy Regulation. Reporting according to the Taxonomy is being introduced in stages and the reporting requirements will become more comprehensive over time.

The Green Finance Framework

This Green Finance Framework has been developed in order to issue Green Finance Instruments ("Green Finance Instruments") such as Green Bonds, Green Commercial Papers and other types of Green Finance Instruments. This Framework is aligned with the 2021 ICMA Green Bond Principles (GBP), including the updated appendix I of June 2022 as well as the 2023 APLMA, LSTA and LMA Green Loan Principles (GLP). This framework is also based on the economic activities and definitions as found in the Commission's Delegated Regulations and the EU Taxonomy as of December 2021. Please see the project categories found in the table below and the further explanation of the EU Taxonomy alignment in the appendix for more information.

It is Vasakronan's intention to follow best practice in relation to Green Bonds as the market standard develops. Therefore, this Green Finance Framework may be amended to reflect changes in market practice. The framework consists of the core pillars of the Green Bond Principles and the recommendation to engage an independent external reviewer for heightened transparency are:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

The Green Bond Principles

Use of Proceeds

An amount equal to proceeds from Green Finance Instruments issued or obtained under this Framework will exclusively finance or refinance, in part or in full, new and/or existing Eligible Green Assets as determined by Vasakronan in the use of proceeds section below. Vasakronan will also adhere to the publicly available environmental and sustainability policies on selecting Eligible Green

[1] Top 15% and 30% of the best buildings – Primary energy demand for premises and homes (fastighetsagarna.se).

[2] https://vasakronan.se/en/about-vasakronan/sustainability/esg-library/

Assets. These policies correspond to Vasakronan's long-term vision of an environmentally and socially sustainable society and consider potential negative consequences in each Eligible Green Asset selection decision.

The proceeds raised under this Framework can finance Eligible Green Assets that are ongoing, or that have been finalised within the last 12 months. Proceeds can also refinance Eligible Green Assets finalised more than 12 months ago. The distribution between financed and refinanced assets will be reported in the Green Finance Impact Report. Proceeds allocated to Eligible Green Assets in all categories described below will correspond to the amount invested except for the proceeds allocated to Eligible Green Assets in the Acquisition and ownership of buildings category. The allocation to this category will correspond to the market value of the Eligible Green Assets, less debts from other sources, if applicable. Eligible Green Assets can be owned and managed by Vasakronan directly or indirectly through subsidiaries. The legal documentation for each Green Finance Instrument will refer to the green finance framework applicable to that Green Finance Instrument.

Exclusions

Proceeds from Vasakronan's Green Finance Instruments will not be used to finance fossil-based energy generation.

ICMA Green Project Category: Green buildings

Substantial contribution to Environmental Objective: Climate Change Mitigation		
Economic Activity	**Taxonomy Alignment (Significant contribution/ DNSH criteria)**	**Enhanced and additional criteria beyond the EU Taxonomy alignment and further information**
7.1 Construction of new buildings	Aligned/Mostly aligned with the technical screening criteria (see appendix)	Financing of new buildings (built after 31 December 2020) that have or will have a primary energy demand (PED) at least 25 percent lower[3] than the nearly zero-energy building (NZEB[4]) requirement. A life-cycle analysis of the global warming potential (GWP[5]) will be performed and allow a maximum amount of embodied carbon of 275 kg CO_2e/sq.m. GFA[6] Vasakronan will perform a material physical climate risk and vulnerability assessment of the building and its expected lifespan. Based on this assessment Vasakronan will, if needed, take actions to make the asset climate resilient for people and financial values. Vasakronan will also be taking the waste hierarchy into account and safeguard preparation for re-use or recycling of at least 90% (by weight) of all non-hazardous construction and demolition waste generated at the construction site. In addition to all of the requirements in the EU Taxonomy and in the specification above, the building is also to have or will have an environmental certification of either: • LEED New Construction or Core and Shell with a minimum certification level of Platinum, or • BREEAM New Construction with a minimum certification level of Outstanding

[3] The energy performance is or will be certified using an energy performance certificate (EPC)

[4] Nearly zero-energy building (NZEB) is a building that has a high energy performance, while the nearly zero or very low amount of energy required should be covered to a very significant extent by energy from renewable sources, including energy from renewable sources produced on-site or nearby.

[5] The GWP is communicated as a numeric indicator for each life cycle stage expressed as kgCO_2e/sq.m. (of lettable floor area) averaged for one year of a reference study period of 50 years. The data selection, scenario definition and calculations are carried out in accordance with EN 15978 (BS EN 15978:2011. Sustainability of construction works. Assessment of environmental performance of buildings. Calculation method.)

[6] The maximum amount of embodied carbon is calculated in accordance with the upcoming national regulation on climate declarations for buildings (estimated to come into force 1st of July 2025), where the limit value applies to the maximum climate impact for modules A1–A5 in kg CO_2e/sqm GFA. For offices the regulated limit value is proposed to be 385 kg CO_2e/sqm GFA.

7.2 Renovation of existing buildings	Aligned with the technical screening criteria (see appendix)	Financing of major renovations of buildings that have or will lead to a reduction of primary energy demand (PED) of at least 40%[7]. A life-cycle analysis of the Global Warming Potential (GWP[8]) will be performed by Vasakronan and allow a maximum embodied carbon of 140 kg CO_2e/sq.m. GFA[9]. Vasakronan will perform a material physical climate risk and vulnerability assessment of the building and its expected lifespan. Based on this assessment Vasakronan will, if needed, take actions to make the asset climate resilient for people and financial values. In addition to all the requirements in the EU Taxonomy and above the building is also to have or will receive an environmental certification of either: • LEED Core and Shell or Existing Buildings: Operations and Maintenance with a minimum certification level of Platinum, or • BREEAM with a minimum certification level of Outstanding
7.3 Installation, maintenance and repair of energy efficient equipment	Aligned with the technical screening criteria (see appendix)	Financing of individual renovation measures consisting of the installation of energy efficiency equipment associated with insulation, energy efficient windows, doors or lights as well as heating, ventilation and low water and energy equipment.
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Aligned with the technical screening criteria (see appendix)	Financing of the installation of charging stations for electric vehicles in buildings and parking spaces attached to buildings.
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Aligned with the technical screening criteria (see appendix)	Financing of the installation of instruments and devices for measuring, regulation and controlling energy performance of buildings associated with zoned and smart thermostats, sensing equipment, management and light control systems, smart meters as well as facade and roofing elements with solar shading.
7.6 Installation, maintenance and repair of renewable energy technologies	Aligned with the technical screening criteria (see appendix)	Financing of the installation, maintenance and repair of renewable energy technologies, on-site associated to solar photovoltaic systems, water panels, heat pumps, wind turbines, transpired collectors, energy storage, micro combined heat and power plants as well as heat exchangers/recovery systems.

[7] The energy performance is or will be certified using an Energy Performance Certificate (EPC)

[8] The GWP is communicated as a numeric indicator for each life cycle stage expressed as kgCO_2e/sq.m. (of lettable floor area) averaged for one year of a reference study period of 50 years. The data selection, scenario definition and calculations are carried out in accordance with EN 15978 (BS EN 15978:2011. Sustainability of construction works. Assessment of environmental performance of buildings. Calculation method.)

[9] The maximum amount of embodied carbon is calculated in accordance with the upcoming national regulation on climate declarations for buildings (estimated to come into force 1st of July 2025), where the limit value applies to the maximum climate impact for modules A1–A5 in kg CO_2e/sqm GFA. For renovation projects there are no proposed regulated limit values.

7.7 Acquisition and ownership of buildings	Aligned with the technical screening criteria (see appendix)	Financing of the acquisition and ownership of buildings[10] (built before 31 December 2020) that have an energy performance certificate (EPC) class A or that have a PED within the top 15%[11] of the national or regional building stock, valid at the time of the approval by the Green Finance Committee (see Section 3 below). However, the PED shall not exceed 80 kWh/sqm[12]. Vasakronan will perform a material physical climate risk and vulnerability assessment of the building and its expected lifespan. Based on this assessment Vasakronan will, if needed, take actions to make the asset climate resilient for people and financial values. In addition, for buildings where Vasakronan is in control of the base building electricity purchases, 100% fossil-free electricity must be purchased and used. The building is also to have or will receive a certification from the construction phase (see Economic Activity 7.1: Construction of New Buildings above) or a certification of: • LEED for Existing Buildings: Operations and Maintenance, minimum certification level Gold.

ICMA Green Project Category: Renewable energy

Substantial contribution to Environmental Objective: Climate Change Mitigation

Economic Activity	Taxonomy Alignment	Enhanced and additional criteria beyond the EU Taxonomy alignment and further information
4.1 Electricity generation using solar photovoltaic technology	Aligned with the technical screening criteria and the do no significant harm criteria (see appendix)	Financing of solar energy projects including the construction and production of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology.

[10] Between 2009 and 2022 Vasakronan has reduced energy consumption in its building portfolio with 65% and direct greenhouse gas emissions from energy by close to 90%.

[11] The Swedish Property Federation, together with Vasakronan and a number of the major Swedish property companies, agreed on shared thresholds for existing properties to determine which belong to the top 15% in terms of energy efficiency in December 2022. This analysis has formed the basis for determining whether an existing building in Sweden can be considered to meet as meeting the technical and substantial contribution criteria of the first environmental objective in the EU Taxonomy, Climate Change Mitigation. Vasakronan can also seek guidance from other appropriate external benchmarks to determine the top 15% if such report is issued by a national government or industry specialist.

[12] For office buildings, the PED will not exceed 80 kWh/sqm. For other building types, please refer to "Topp 15% och 30% av de bästa byggnaderna i Sverige".

Process for project evaluation and selection

The process to evaluate and select assets that are aligned with the criteria set out in the Use of Proceeds section and Vasakronan's long-term vision of a social and environmentally sustainable society, is administered by Vasakronan's Green Finance Committee. Decisions made by the Green Finance Committee are documented and, in each case, are subject to veto by the Chief Sustainability Officer. The Treasury department maintains an updated list of the Eligible Green Assets, which creates a Green Asset Pool. The list of assets in the Green Asset Pool, will be used to determine whether sufficient headroom exists for issuing a Green Finance Instrument. The Green Finance Committee is also responsible for replacing investments that no longer meet the Eligible Green Asset criteria, or investments that for purely practical reasons are no longer to be included(e.g., if Vasakronan sell a property within the Green Asset Pool). The Green Finance Committee also reviews and updates the content of the Green Finance Framework to reflect relevant changes in Vasakronan's corporate strategy, technology and market developments. The committee meets at least on a quarterly basis, or when needed.

Management of proceeds

The Treasury department of Vasakronan will manage the proceeds from Green Finance Instruments on a portfolio basis, and all Green Finance Instruments will be tracked in Vasakronan's treasury system to ensure traceability. Should the nominal amount of Green Finance Instruments outstanding at any time exceed the value of assets included in the Green Asset Pool, the unallocated proceeds from Green Finance Instruments are credited to a special account (referred to as "Special Account"). If the value of the Green Asset Pool exceeds the nominal amount of Green Finance Instruments outstanding, a transfer is allowed from the Special Account. If, in connection with the issuance of new Green Finance Instruments, the Green Asset Pool exceeds the total nominal amount of new and outstanding Green Finance Instruments, the Special Account balance will be zero. If for any reason, a property does not reach the anticipated certification level, that asset will be removed from the Green Asset Pool. If Vasakronan sells a property, that asset will also be removed from the Green Asset Pool. Vasakronan will document any transfers to and from the Special Account, to ensure tracking and simplify review. Vasakronan will disclose the amount of the proceeds not yet allocated to Eligible Green Assets, which are temporarily held by Vasakronan in the form of cash or term deposits with banks. The internal tracking method, the allocation of proceeds from Green Finance Instruments and the balance of the Special Account will be assured by an external auditor on an annual basis. The opinion of the external auditor will be published on Vasakronan's website and in the annual report.

Reporting

To enable investors to follow developments and to provide insight into prioritised areas, Vasakronan will provide an annual Green Finance Impact Report as long as there are Green Finance Instruments outstanding. Vasakronan will also report the value of the Green Asset Pool together with the total amount of Green Finance Instruments outstanding in each quarterly report.

The annual Green Finance Impact Report will take guidance from the most recent version of the ICMA's Harmonised Framework for Impact Reporting Handbook. The methodology for deriving the impact indicators will be outlined in the Green Finance Impact Report. In addition to the environmental asset specific information, Vasakronan will report on a selected number of social KPI's on a company level (please see table below).

Allocation reporting

The allocation reporting will include the following information:

- A selection of examples of Eligible Green Assets.
- A description of the outstanding Green Finance Instruments and the amount of proceeds allocated at the end of the reporting period.
- A breakdown of the Eligible Green Asset Portfolio by category.
- The geographical distribution of the Eligible Green Assets.
- The ratio of new financing to refinancing of Eligible Green Assets.
- The balance of the Special Account and the available green value headroom (if any).
- A list of relevant, key sustainability figures for the company as a whole, such as energy performance, CO_2 emissions, waste data and water intensity.

The Green Finance Impact Report will also include information about the environmental impact of the Eligible Green Assets financed under this Framework as well as information on the eligibility criteria of each Green Asset in the pool. Where confidentiality agreements, competitive considerations or a large number of underlying assets limit the amount of detail that can be made available, information may be presented on an aggregated portfolio basis or in generic terms.

ICMA Green Project Category: Green buildings	Example of Green impact indicators
Substantial contribution to Environmental Objective: Climate Change Mitigation	a) Type of environmental certification and certification level b) (Primary energy demand) Energy performance (kWh per sq.m.) c) Energy generated (kWh per sq.m.) d) Market and location based operational CO_2 emissions (Scope 1 and 2, kg per sq.m.) e) Waste data (waste diverted from landfill and incineration) from the construction phase (for 7.1 Construction of new buildings and 7.2 Renovation of existing buildings) or diversion rate for waste collected from tenants (for 7.7 Acquisition and ownership of buildings) f) Water intensity (m3 per sq.m. and year) g) Material consumption (for 7.1 Construction of new buildings and 7.2 Renovation of existing buildings, kg per produced sq.m.) h) Energy savings (kWh per year), with a breakdown on renewable, reused and recycled materials) i) Number of operational electric vehicle (EV) charging stations) Biodiversity index (anticipated index for 7.1 Construction of new buildings and 7.2 Renovation of existing buildings, and actual index for 7.7 Acquisition and ownership of buildings) k) Annual carbon emission reductions/savings (tCO_2e)
7.1 Construction of new buildings	
7.2 Renovation of existing buildings	
7.3 Installation, maintenance and repair of energy efficiency equipment	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	
7.6 Installation, maintenance and repair of renewable energy technologies	
7.7 Acquisition and ownership of buildings	

ICMA Green Project Category: Renewable energy	Example of Green impact indicators
Substantial contribution to Environmental Objective: Climate Change Mitigation	a) Annual GHG emissions avoided (tCO_2e) b) Annual renewable energy generation (GWh) c) Capacity of renewable energy (MW)
4.1 Electricity generation using solar photovoltaic technology	

To inform our investors about the progress of our social responsibility, Vasakronan will also include a number of relevant social responsibility KPIs in the annual Green Finance Impact Report. The list below is an example of KPIs likely to be reported. The type and number of KPIs might change over time as we develop more relevant KPIs, as our social responsibility work progresses and evolves.

Social responsibility	Example of Social impact indicators on project/asset or company level
Health and well-being	· Indoor environmental quality satisfaction rate, per asset (for activity 7.7) and aggregated to company level · Confirmation of the use of Byggvarubedömningen to evaluate construction material (activity 7.1 and 7.2 assets)
Safety and security	· Number of actions that have been financed by Vasakronan to increase safety and security in and around properties. · Share of ground levels leased to open or public activities (e.g., shops, restaurants and cafes)
Working conditions and environment	· Number of workplace accidents · Accident frequency in major projects (per million hours worked) (activity 7.1 and 7.2) · Number of audits on construction sites and priority suppliers.
Diversity and inclusion	· Breakdown by gender (women and men) and age, as of the balance-sheet date · Board gender diversity, % · Unadjusted gender pay gap, % · Sick leave, % · Number of interns from underrepresented social groups, in relation to total number of employees, %

In addition to Green Finance Instruments issued by Vasakronan in the capital market, the company may have Green Loans provided by lending institutions. The same criteria for Eligible Green Assets specified in the framework applies for new Green Loans after the issuance of this Green Finance Framework. Green Loans taken by Vasakronan may be provided by lending institutions that finance these by issuing Green Bonds. In order to prevent double counting, Vasakronan is only reporting on Green Finance Instruments issued by Vasakronan.

If an Eligible Green Asset is not fully financed/refinanced with proceeds from Vasakronan's Green Finance Instruments, Vasakronan will disclose the entire project and highlight the part financed/refinanced by proceeds from Vasakronan´s Green Finance Instruments. Vasakronan will only account for the proceeds and impact in relation to the amount financed/refinanced by Vasakronan's Green Finance Instruments in its Green Finance Impact Report.

External review

Second Party Opinion (pre-issuance)

To increase transparency, Vasakronan has appointed S&P Global Shades of Green to review this Green Finance Framework and its alignment with the Green Bond Principles to issue an independent Second Party Opinion. Vasakronan will publish S&P Global Shades of Green's Second Party Opinion on its website under Financial Information, Green Financing.

External verification (post-issuance)

On an annual basis, Vasakronan will engage an independent external auditor to provide a limited assurance on the processes and systems for the financing of Eligible Green Assets, as well as on the allocation of proceeds from Vasakronan's Green Finance Instruments to Eligible Green Assets. The Green Finance Impact Report and the limited assurance report on the Green Finance Impact Report is available on Vasakronan's website under Financial Information, Green Financing.

New buildning projekt Kaj 16 in Lilla Bommen in Gothenburg. 12 out of 16 floor levels will be built in timber.

The existing building Meetshuset in Gothenburg is a property built in 1910. Thanks to systematic energy savings efforts, the building has an energy intensity that can be measured against energy requirements for equivalent new buildings.

Appendix

Publicly available documents

The Green Finance Framework, the Second Party Opinion and the Green Finance Impact Report will be publicly available on Vasakronan's website.

Supportive Documents

Guidelines, policies, reports and other documents that are relevant to Vasakronan´s work with sustainability and corporate responsibility are available on Vasakronan´s website under ESG Library.

Technical Screening Criteria, Do No Significant Harm and Minimum Safeguards Specification

As the EU Taxonomy Delegated Acts is still subject to interpretation and while there are uncertainties and for which clarifications have not yet been published in every case Vasakronan is describing its current interpretation of the EU Taxonomy Regulation and the Delegated Acts in each annual report starting from 2022. New interpretations of the EU Taxonomy Regulation and the Delegated Acts will also be communicated in the Green Finance Impact Report or through an updated version of this Green Finance Framework.

When assessing an economic activity against the criteria set out in this framework both environmental impact of the activity and the life cycle assessment shall be taken into account, in particular when considering the construction phase, the use phase and the demolition of the constructions.

Where possible, Eligible Green Assets will be aligned with the substantial contribution to climate change mitigation, on a best effort basis, as outlined in the EU Taxonomy (December 2021).

Vasakronan's categories and economic activities in the Use of Proceeds section of this framework is either fully aligned without cavities or mostly aligned with the criteria set out in the EU Taxonomy Delegated Act launched in December 2021. The only exception where Vasakronan is not fully aligned to the EU Taxonomy is within the do no significant harm criteria for 7.1 construction of new buildings. In this area Vasakronan is of the opinion that current wording and terms in relation to hazardous substances are still subject to interpretation and for which clarifications have not yet been published. For this reason Vasakronan's assessment is that it is not possible to confirm a full alignment.

Vasakronan